

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 CTME-00 JUSE-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08
FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 AID-05 SS-15 ITC-01 TRSE-00 ICA-11
SP-02 SOE-02 OMB-01 DOE-15 XMB-02 OPIC-03 OIC-02
AF-10 ARA-10 EA-10 NEA-10 /173 W
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TO SECSTATE WASHDC PRIORITY 1941
INFO AMEMBASSY BRUSSELS

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USMTN

USEEC

PASS STR

E.O.11652:GDS
TAGS: ETRD, MTN, EEC
SUBJECT: MTN: EC ARTICLE 113 MEETINGS - JULY 11

1. EC ARTICLE 113 COMMITTEE AT HIGH LEVEL MET MORNING OF JULY 11 AND IN DINNER SESSION SAME DAY. DEPUTIES MET FOR FIVE HOURS AFTERNOON OF JULY 11. HIGH LEVEL SESSION SCHEDULED TO BEGIN AT 9:00 A.M. JULY 12. CONVERSATIONS WITH UK, FRG AND DANISH SOURCES REVEALED FOLLOWING INFORMATION:

2. REPORT TO SUMMIT. HIGH LEVEL SESSIONS JULY 11 DEVOTED ENTIRELY TO EXAMINATION OF COMMISSION DRAFT MEMO OF UNDERSTANDING AND UPDATING FROM COMMISSION ON CONTACTS WITH U.S. AND OTHER DELS. DANISH SOURCE EXPRESSED DISAPPOINTMENT

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MENT WITH ATTENTION BEING DEVOTED TO EXAMINATION OF TEXT, FEARING THIS WOULD ALLOW MEMBER STATES TO ESCAPE FROM NEED TO SOLVE HARD ISSUES THIS WEEK. HE ADDED THAT THE COMMISSION DRAFT HAD BEEN FAIRLY WELL RECEIVED BY MEMBER STATES WHICH DID NOT SURPRISE HIM AS IT WAS LIGHT ON SUBSTANCE OR REFLECTIVE OF EC VIEWPOINTS. FRG SOURCE HELD SIMILAR VIEW, ADDING THAT HIS DELEGATION FOUND COMMISSION LANGUAGE ON

SELECTIVE SAFEGUARDS PROVOCATIVE AND WOULD WORK TO PUT BALANCE INTO IT. HE EXPECTED HIGH LEVEL 113 TO RETURN TO SUMMIT PAPER MORNING OF JULY 12 AND THOUGHT COMMISSION WOULD HAVE RECEIVED U.S. TEXT FOR THAT DISCUSSION. HE SAID DISCUSSIONS ON JULY 11, AND PROBABLY THOSE ON JULY 12, WOULD CONCENTRATE ON SUMMIT TEXTS AND GET TO INDIVIDUAL ISSUES ONLY AS THEY ARE REFLECTED THEREIN.

3. TARIFFS. DEPUTIES SESSION JULY 11 SPENT LONG TIME ON DISCUSSION OF TARIFF REQUESTS AND OFFERS INVOLVING U.S., CANADA AND OTHERS. DANISH SOURCE, WHO LEFT BEFORE U.S. DISCUSSION, DESCRIBED OVERALL ATMOSPHERE AS DEPRESSING, WITH INDIVIDUAL MEMBER STATES, NOTABLY UK, SAYING "NO" TO ANY SUGGESTIONS FOR IMPROVEMENT OF EC OFFERS. UK SOURCE TOLD US THAT DISCUSSION ON U.S. HAD MADE CLEAR THAT EC COULD NOT WITHDRAW ANYTHING ON ITS WITHDRAWAL LIST IN THE ABSENCE OF SOME INDICATION OF IMPROVEMENTS FROM U.S. IF SOMETHING IS FORTHCOMING FROM U.S., HE THOUGHT IT POSSIBLE THAT UK AND PROBABLY FRANCE COULD BE INDUCED BY COMMISSION AND OTHER MEMBER STATES TO GO ALONG AND EVEN TO MAKE LIMITED IMPROVEMENTS. EVEN THEN, THIS WOULD NOT MEAN APPLICATION OF FULL FORMULA TO SENSITIVE ITEMS BUT COULD, FOR EXAMPLE, LEAD TO AN EC OFFER OF 18 PERCENT, RATHER THAN 20 PERCENT, ON TRUCKS. HE MADE CLEAR THAT UK WAS NOT SEEKING U.S. FULL FORMULA APPLICATION ON ITS SENSITIVE ITEMS BUT ONLY SOME ADDITIONAL REDUCTIONS SO THAT HARMONIZATION PRINCIPLE WOULD NOT BE TOTALLY DENIED.

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HE UNDERSTOOD FROM COMMISSION THAT U.S. WOULD COME FORWARD JULY 12 WITH SOME IMPROVEMENTS.

4. COUNTERFEITING. UK SOURCE STATED THAT SUBJECT HAD COME UP AGAIN IN DEPUTIES ON JULY 11 AND THAT THERE WERE NO OBJECTIONS FROM ANY MEMBER STATE. AS A RESULT, HE THOUGHT EC COULD CLEARLY GO ALONG WITH A GENERAL REFERENCE NOW WITH FURTHER WORK TO BE DONE IN THE FALL.

5. SUBSIDIES. UK SOURCE SAID COMMISSION CONTINUED TO DISCUSS IN VAGUE TERMS IN THE DEPUTIES SESSION SOME IDEAS ON THE APPLICATION OF A SUBSIDIES CODE TO AGRICULTURE. FRG SOURCE STATED THAT COMMISSION HAD INFORMED HIGH LEVEL GROUP AT DINNER THAT GUNDELACH-STRAUSS SESSION HAD MADE PROGRESS ON THIS ISSUE. ON PROVISIONAL MEASURES, FRG SOURCE REPEATED TO US THAT EC COULD NOT BUY THIS APPROACH. IN ONLY DEPARTURE THUS FAR FROM THIS GENERAL LINE, DANISH SOURCE SAID HIS GOVERNMENT WANTED A SUBSIDIES/CVD CODE BADLY ENOUGH THAT HE THOUGHT IT COULD EVENTUALLY ACCEPT SOME PROVISIONAL MEASURES AS A FINAL COMPROMISE WITH U.S. HE NOTED THAT ALL OTHER MEMBER STATES ARE OPPOSED AND THOUGHT IT UNLIKELY THAT THEY WOULD EVER COME ALONG,

EXCEPT POSSIBLY AS A QUID PRO QUO FOR U.S. ACCEPTANCE OF
EC POSITION ON SELECTIVITY.

6. FOOTNOTE ON BREMEN HEADS OF STATE MEETING. DANISH
SOURCE STATED THAT FRG HAD PLANNED TO HAVE AN EXTENSIVE
DISCUSSION OF MTN AT BREMEN HEADS OF STATE MEETING, BUT
THAT TIME HAD RUN OUT BECAUSE OF LONG DISCUSSION ON
MONETARY QUESTIONS. HE THOUGHT THIS HAD PREVENTED FRG
FROM PUSHING OTHER MEMBER STATES INTO MORE POSITIVE
POSITION ON VARIOUS U.S. MTN REQUESTS.

7. DRAFTED BY MCCARTHY. MCDONALD

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Message Attributes

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